



NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
57 NIA Road, Government Center, Diliman, Quezon City 1100



Management System
ISO 9001:2015



www.tuv.com
ID 91 06082030

ADVISORY

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : PROCUREMENT AND CONTRACT IMPLEMENTATION FOR
SUBSIDY FUNDED PROJECTS

DATE : May 9, 2018

.....

The Commission on Audit (COA) in its recent Audit Observation Memorandum, regarding the EC's procurement and contract implementation for subsidy funded projects, noted the several non-compliances with the provisions of RA 9184 and its Revised Implementing Rules and Regulations (RIRR) by the EC's Bids and Awards Committee (BAC).

In compliance with the COA recommendations, the ECs are advised to strictly observe the provisions of RIRR of RA 9184, to wit:

- Limit the mobilization fee payment to Contractors at 15 percent of the contract price;
- Make presentation with the contractors to refund the excess mobilization fee if not yet covered by progress billings and/or require them to pay interest for the excess down payment made at the prevailing rate of interest used by the bank;
- For the on-going and future projects, require the respective winning bidders in every contract to post the required performance security bond as safeguard to future default and inevitable abandonment of project;
- Review Memorandum of Agreement and ensure that the amount indicated in the Construction Contract does not exceed the approved Budget Cost of NEA/Approved Budget of Contract for the prospective projects and ensure that copy of NEA Approved Cost is attached in the MOA;
- Strictly observed the submission of computation of NET Financial Contracting Capacity (NFCC) to Contract and other similar reports and ensure that only prospective bidders with complete documentary requirements to include the computation of NFCC are eligible to bid;
- Invite at least two observers to witness the conduct of public bidding to enhance transparency in conformity with Sections 13.1 and 13.2(a) of RIRR of RA 9184;

- Require the BAC to follow proper procedures on the rebidding process in case where there was a failed bidding;
- Ensure compliance of bidders to the following Eligibility Requirements set forth in RA 9184 to hinder unqualified/incapacitated contractors from implementing government projects:
 - Philippine Accreditation Board (PCAB) licenses to ensure that the qualified and reliable contractors are allowed to undertake infrastructure projects and so as to participate in government public bidding;
 - Preparation of Bidding Documents on the Form and Contents of Bidding Documents to specify the Form of Contract and General and Special Conditions of Contract prescribed by GPBB;
 - Notice of Award (NoA)/Notice to Proceed (NtP)/Signed Contract should be issued in accordance with RIRR of RA 9184; and
 - Notarized Contract to ensure its legal enforceability in case of disputes and breach of contract of the contracting party.
- Ensure to comply with the required documentary requirements pursuant to RIRR of RA 9184 for prospective projects; and
- Enhance the capability of BAC officers/staff of ECs by supervising/providing capacity building on programs for RA 9184.

For your strict compliance. Thank you.


EDGARDO R. MASONGSONG
Administrator



NEA-OA252323

AS 5/16/18